

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Oakfield
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2006

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Oakfield, Michigan's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$272,693 (12 percent) as a result of this year's activities. Net assets of the governmental and business-type activities increased by \$258,549 and \$14,144, respectively.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$415,828, which represents 43 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2006 and 2005 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements (Continued)

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer system is reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township establishes other funds to control and manage money for particular purposes (like cemetery operations) or to show that it is properly using certain taxes and other revenues.

The Township has two kinds of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focuses on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activity but provides more detail and additional information, such as cash flows.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. The Township's *combined* net assets increased by 12 percent between March 31, 2005 and 2006. While the Township reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities.

Condensed financial information
Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Current and other assets	\$1,010,219	\$1,107,424	\$ 286,941	\$ 147,832	\$1,297,160	\$1,255,256
Capital assets	<u>1,003,737</u>	<u>665,299</u>	<u>461,312</u>	<u>424,896</u>	<u>1,465,049</u>	<u>1,090,195</u>
Total assets	<u>2,013,956</u>	<u>1,772,723</u>	<u>748,253</u>	<u>572,728</u>	<u>2,762,209</u>	<u>2,345,451</u>
Current liabilities	129,161	146,477	3,981	2,600	133,142	149,077
Long-term debt outstanding	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>-</u>
Total liabilities	<u>129,161</u>	<u>146,477</u>	<u>163,981</u>	<u>2,600</u>	<u>293,142</u>	<u>149,077</u>
Net assets:						
Invested in capital assets, net of related debt	1,003,737	665,299	301,312	278,627	1,305,049	943,926
Restricted	-	33,538	212,773	260,000	212,773	293,538
Unrestricted	<u>881,058</u>	<u>927,409</u>	<u>70,187</u>	<u>31,501</u>	<u>951,245</u>	<u>958,910</u>
Total net assets	<u>\$1,884,795</u>	<u>\$1,626,246</u>	<u>\$ 584,272</u>	<u>\$ 570,128</u>	<u>\$2,469,067</u>	<u>\$2,196,374</u>

Changes in net assets. The Township's total revenues for fiscal year 2006 were \$947,689. Nearly 37 percent of the Township's revenues come from state shared revenue while only 18 percent comes from property taxes. Charges for services represent almost 20 percent of total revenues.

The total cost of all the Township's programs for fiscal year 2006, covering a wide range of services, totaled \$674,996. More than 32 percent of the Township's costs relate to general government services. Public works costs represented 37 percent of all costs during the year.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Condensed financial information Changes in Net Assets						
	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Program revenues:						
Charges for services	\$ 144,450	\$ 153,157	\$ 40,208	\$ 39,790	\$ 184,658	\$ 192,947
Operating grants and contributions	138,373	159,537	-	-	138,373	159,537
Capital grants and contributions	48,053	-	3,000	270,000	51,053	270,000
General revenues:						
Property taxes	172,642	162,762	-	-	172,642	162,762
State shared revenue	346,475	345,747	-	-	346,475	345,747
Other	46,501	15,015	7,987	386	54,488	15,401
Total revenues	<u>896,494</u>	<u>836,218</u>	<u>51,195</u>	<u>310,176</u>	<u>947,689</u>	<u>1,146,394</u>
Expenses:						
Legislative	8,657	5,863	-	-	8,657	5,863
General government	216,175	257,562	-	-	216,175	257,562
Public safety	155,344	96,137	-	-	155,344	96,137
Public works	246,941	239,502	-	-	246,941	239,502
Community development	10,828	97,009	-	-	10,828	97,009
Sewer	-	-	37,051	40,077	37,051	40,077
Total expenses	<u>637,945</u>	<u>696,073</u>	<u>37,051</u>	<u>40,077</u>	<u>674,996</u>	<u>736,150</u>
Increase in net assets	<u>\$ 258,549</u>	<u>\$ 140,145</u>	<u>\$ 14,144</u>	<u>\$ 270,099</u>	<u>\$ 272,693</u>	<u>\$ 410,244</u>

Governmental activities

Governmental activities increased the Township's net assets by \$258,549. One of the big factors that contributed to the increase was the receipt of the FEMA grant in the amount of \$48,053 that shows up as income but doesn't show up as an expense. In addition, income was up but our expense side of the budget was down. The Township cut down on expenses so that we could transfer more funds into the Capital Improvement Fund so we could afford to do more paving in the 2006-2007 budget year.

The following table shows the costs of the Township's programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Township's taxpayers by each of these functions.

The total cost of all governmental activities was \$637,945.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE (Continued)

However, the amount that our taxpayers paid for these activities through general revenues was \$307,069. Some of the cost was paid by:

- Those who directly benefited from the programs (\$144,450).
- The State subsidized certain public works programs with grants (\$138,373).
- The federal government provided a capital grant (\$48,053).

The Township paid for the \$307,069 "public benefit" portion with \$565,618 in general revenues including property taxes and state shared revenue.

	<i>Total cost of services</i>	<i>Net cost of services</i>
General government	\$ 216,175	\$ 184,980
Public safety	155,344	35,097
Public works	246,941	67,507
Other	19,485	19,485
Total	\$ 637,945	\$ 307,069

Business-type activities

Business-type activities increased the Township's net assets by \$14,144. The increase in net assets is made possible because current user charges of the Sewer Fund provide sufficient funds for current operating costs, resulting in net operating income in the Sewer Fund of \$7,939.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of March 31, 2006, the Township's governmental funds reported combined ending fund balances of \$881,058, a decrease of \$79,889 over last year's balances.

The General Fund experienced an increase in fund balance of \$67,850 because we anticipated additional expenses in the first two quarters of the next fiscal year and wanted to have sufficient funds to cover them.

The fund balance of the Capital Improvement Fund decreased by \$139,114 reflecting amounts transferred to the General Fund in support of current expenditures.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$415,828, which represents 43 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance of the General Fund represents 47 percent of the combined ending fund balances of the governmental funds.

Proprietary fund. The Sewer Fund, the Township's lone proprietary fund, experienced an increase in net assets of \$14,144 for reasons explained above.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General Fund budgetary highlights

The Township Board amended the General Fund budgeted expenditures during the year to reflect increased costs experienced during the year. Total budgeted expenditures were increased by \$14,531.

Revenues and transfers in were \$2,770 less than budgeted. General Fund expenditures were \$145,353 less than the amounts appropriated, which resulted in a \$142,583 positive budget variance, and a \$67,850 increase in fund balance compared to a budgeted \$74,733 decrease. There were no significant negative variances in any of the General Fund functional expenditure classifications.

Capital assets and debt administration

Capital assets

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2006, amounts to \$1,465,049 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, roads, and sewer facilities. The increase in the Township's net investment in capital assets for the current fiscal year was \$521,123, or 55 percent.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Total</i>
Land and improvements	\$ 23,556	\$ -	\$ 23,556
Buildings	151,200	-	151,200
Equipment	184,472	18,948	203,420
Vehicles	260,263	-	260,263
Shared road improvements	384,246	-	384,246
Sewer system	-	442,364	442,364
Total	\$ 1,003,737	\$ 461,312	\$ 1,465,049

This year's major capital asset additions included:

- Shared road improvement projects with costs of \$312,682
- A sewer construction project with costs of \$195,285

More detailed information about the Township's capital assets is presented in Note 5 of the basic financial statements.

Debt administration

The Township issued bonds at the beginning of the fiscal year in the amount of \$191,000. The balance at the end of the fiscal year was \$160,000. Debt service payments were made in a timely manner.

Township of Oakfield
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Economic condition and outlook

The economic condition of Oakfield Township is excellent. We have held down on discretionary spending and wage increases but we still are paving and maintaining roads. We are providing the important and necessary services to our residents and community as a whole. As for the economic outlook for Oakfield Township, it looks excellent so long as the Township Board continues to be fiscally responsible with the funds that we have to work with.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Greg Dean, Supervisor
Township of Oakfield
10300 14 Mile Road
Rockford, MI 49341

Phone: (616) 754-5679

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Oakfield, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the nonmajor fund of the Township of Oakfield, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township of Oakfield, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Oakfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the nonmajor fund of the Township of Oakfield, Michigan, as of March 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Siegfried Crandall P.C.

May 18, 2006

BASIC FINANCIAL STATEMENTS

Township of Oakfield
STATEMENT OF NET ASSETS
March 31, 2006

	<u><i>Governmental activities</i></u>	<u><i>Business-type activities</i></u>	<u><i>Totals</i></u>
ASSETS			
Current assets:			
Cash	\$ 485,347	\$ 174,532	\$ 659,879
Investments	382,537	-	382,537
Receivables, net	<u>142,335</u>	<u>26,800</u>	<u>169,135</u>
Total current assets	<u>1,010,219</u>	<u>201,332</u>	<u>1,211,551</u>
Noncurrent assets:			
Receivables, net	-	85,609	85,609
Capital assets, net of accumulated depreciation	<u>1,003,737</u>	<u>461,312</u>	<u>1,465,049</u>
Total noncurrent assets	<u>1,003,737</u>	<u>546,921</u>	<u>1,550,658</u>
Total assets	<u>2,013,956</u>	<u>748,253</u>	<u>2,762,209</u>
LIABILITIES			
Current liabilities:			
Payables	61,860	3,981	65,841
Deferred revenue	67,301	-	67,301
Bonds payable	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total current liabilities	129,161	43,981	173,142
Noncurrent liabilities:			
Bonds payable	<u>-</u>	<u>120,000</u>	<u>120,000</u>
Total liabilities	129,161	163,981	293,142
NET ASSETS			
Invested in capital assets, net of related debt	1,003,737	301,312	1,305,049
Restricted for debt service	-	212,773	212,773
Unrestricted	<u>881,058</u>	<u>70,187</u>	<u>951,245</u>
Total net assets	<u>\$ 1,884,795</u>	<u>\$ 584,272</u>	<u>\$ 2,469,067</u>

See notes to financial statements

Township of Oakfield
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 8,657	\$ -	\$ -	\$ -
General government	216,175	31,195	-	-
Public safety	155,344	72,194	-	48,053
Public works	246,941	41,061	138,373	-
Community and economic development	<u>10,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	637,945	144,450	138,373	48,053
Business-type activity - Sewer	<u>37,051</u>	<u>40,208</u>	<u>-</u>	<u>3,000</u>
Totals	<u>\$ 674,996</u>	<u>\$ 184,658</u>	<u>\$ 138,373</u>	<u>\$ 51,053</u>

General revenues:

Property taxes
State shared revenue
Interest income
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (8,657)		\$ (8,657)
(184,980)		(184,980)
(35,097)		(35,097)
(67,507)		(67,507)
<u>(10,828)</u>		<u>(10,828)</u>
(307,069)		(307,069)
<u>-</u>	\$ <u>6,157</u>	<u>6,157</u>
<u>(307,069)</u>	<u>6,157</u>	<u>(300,912)</u>
172,642	-	172,642
346,475	-	346,475
30,740	7,987	38,727
<u>15,761</u>	<u>-</u>	<u>15,761</u>
<u>565,618</u>	<u>7,987</u>	<u>573,605</u>
258,549	14,144	272,693
<u>1,626,246</u>	<u>570,128</u>	<u>2,196,374</u>
<u>\$ 1,884,795</u>	<u>\$ 584,272</u>	<u>\$ 2,469,067</u>

See notes to the financial statements

BALANCE SHEET - governmental funds

March 31, 2006

	<u>Major funds</u>		<u>Nonmajor fund</u>	<u>Total</u>
	<u>General</u>	<u>Capital Improvement</u>	<u>Cemetery</u>	<u>governmental funds</u>
ASSETS				
Cash	\$ 275,097	\$ 210,250	\$ -	\$ 485,347
Investments	127,557	230,017	24,963	382,537
Receivables	142,335	-	-	142,335
Total assets	<u>\$ 544,989</u>	<u>\$ 440,267</u>	<u>\$ 24,963</u>	<u>\$ 1,010,219</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 61,860	\$ -	\$ -	\$ 61,860
Deferred revenue	67,301	-	-	67,301
Total liabilities	<u>129,161</u>	<u>-</u>	<u>-</u>	<u>129,161</u>
Fund balances:				
Designated for public works	-	322,011	-	322,011
Unreserved, undesignated	415,828	118,256	24,963	559,047
Total fund balances	<u>415,828</u>	<u>440,267</u>	<u>24,963</u>	<u>881,058</u>
Total liabilities and fund balances	<u>\$ 544,989</u>	<u>\$ 440,267</u>	<u>\$ 24,963</u>	<u>\$ 1,010,219</u>
Fund balances - all governmental funds				\$ 881,058
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 4) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				<u>1,003,737</u>
Net assets of <i>governmental activities</i>				<u>\$ 1,884,795</u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	<u>Major funds</u>		<u>Nonmajor fund</u>	<u>Total</u>
	<u>General</u>	<u>Capital Improvement</u>	<u>Cemetery</u>	<u>governmental funds</u>
REVENUES				
Property taxes	\$ 172,642	\$ -	\$ -	\$ 172,642
Licenses and permits	72,194	-	-	72,194
Federal grants	48,053	-	-	48,053
State grants	484,848	-	-	484,848
Charges for services	9,249	-	1,701	10,950
Interest and rentals	35,213	14,836	936	50,985
Other	55,422	-	1,400	56,822
Total revenues	<u>877,621</u>	<u>14,836</u>	<u>4,037</u>	<u>896,494</u>
EXPENDITURES				
Legislative	8,657	-	-	8,657
General government	193,390	-	-	193,390
Public safety	123,571	-	-	123,571
Public works	551,120	-	-	551,120
Community and economic development	10,828	-	-	10,828
Capital outlay	88,817	-	-	88,817
Total expenditures	<u>976,383</u>	<u>-</u>	<u>-</u>	<u>976,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(98,762)</u>	<u>14,836</u>	<u>4,037</u>	<u>(79,889)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	166,612	-	-	166,612
Transfers out	-	(153,950)	(12,662)	(166,612)
Total other sources (uses)	<u>166,612</u>	<u>(153,950)</u>	<u>(12,662)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>67,850</u>	<u>(139,114)</u>	<u>(8,625)</u>	<u>(79,889)</u>
FUND BALANCES - BEGINNING	<u>347,978</u>	<u>579,381</u>	<u>33,588</u>	<u>960,947</u>
FUND BALANCES - ENDING	<u>\$ 415,828</u>	<u>\$ 440,267</u>	<u>\$ 24,963</u>	<u>\$ 881,058</u>

See notes to financial statements

Township of Oakfield

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2006

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ (79,889)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Capital assets:	
Assets acquired	395,120
Provision for depreciation	<u>(56,682)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 258,549</u>

See notes to financial statements

STATEMENT OF NET ASSETS - proprietary fund

March 31, 2006

	<u>Sewer Fund</u>
ASSETS	
Current assets:	
Cash	\$ 174,532
Receivables, net	<u>26,800</u>
Total current assets	<u>201,332</u>
Noncurrent assets:	
Receivables, net	85,609
Capital assets, net of accumulated depreciation	<u>461,312</u>
Total noncurrent assets	<u>546,921</u>
Total assets	<u>748,253</u>
LIABILITIES	
Current liabilities:	
Payables	3,981
Bonds payable	<u>40,000</u>
Total current liabilities	43,981
Noncurrent liabilities:	
Bonds payable	<u>120,000</u>
Total liabilities	<u>163,981</u>
NET ASSETS	
Invested in capital assets, net of related debt	301,312
Restricted for debt service	212,773
Unrestricted	<u>70,187</u>
Total net assets	<u><u>\$ 584,272</u></u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - *proprietary fund***

Year ended March 31, 2006

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 40,208
OPERATING EXPENSES	
Operation and maintenance	19,669
Depreciation	<u>12,600</u>
Total operating expenses	<u>32,269</u>
OPERATING INCOME	<u>7,939</u>
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	3,000
Interest revenue	7,987
Interest expense	<u>(4,782)</u>
Total nonoperating revenues	<u>6,205</u>
CHANGE IN NET ASSETS	14,144
NET ASSETS - BEGINNING	<u>570,128</u>
NET ASSETS - ENDING	<u>\$ 584,272</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary fund

Year ended March 31, 2006

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 39,268
Payments to suppliers	<u>(19,859)</u>
Net cash provided by operating activities	<u>19,409</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of special assessment principal	74,360
Collection of special assessment interest	3,371
Capital contributions	3,000
Proceeds from the issuance of capital debt	191,000
Purchase of capital assets	(195,285)
Principal payments on capital debt	(31,000)
Interest payments on capital debt	<u>(611)</u>
Net cash provided by capital and related financing activities	<u>44,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,126</u>
NET INCREASE IN CASH	65,370
CASH - BEGINNING	<u>109,162</u>
CASH - ENDING	<u><u>\$ 174,532</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 7,939
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	12,600
Change in assets and liabilities:	
Receivables, net	(940)
Payables	<u>(190)</u>
Net cash provided by operating activities	<u><u>\$ 19,409</u></u>

See notes to financial statements

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Oakfield, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Capital Improvement Fund accounts for the use of unrestricted revenues from the General Fund to finance the costs of capital improvements, primarily road construction costs.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer systems, roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Infrastructure	20 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no significant budget variations during the fiscal year.

NOTE 3 - CASH AND INVESTMENTS:

Cash, as presented in the accompanying financial statements, consists of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
Deposits	\$ 484,747	\$ 174,532	\$ 659,279
Investments	382,537	-	382,537
Cash on hand	<u>600</u>	<u>-</u>	<u>600</u>
Total cash and investments	<u>\$ 867,884</u>	<u>\$ 174,532</u>	<u>\$ 1,042,416</u>

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. At March 31, 2006, \$460,463 of the Township's bank balances of \$660,463 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued):

Investments:

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds that invest in investments allowed by state statute, and f) investment pools organized under the local government investment pool act. At March 31, 2006, the Township's investments consisted of holdings, in the amount of \$382,537, in the Kent County Investment Pool, a non-risk categorized, qualifying investment pool. The investments are recorded at cost, which approximates fair market value.

NOTE 4 - RECEIVABLES:

At March 31, 2006, the Township's receivables are as follows:

	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Special assessments</u>	<u>Totals</u>
Governmental activities:					
General Fund	<u>\$ 12,333</u>	<u>\$ 5,183</u>	<u>\$ 57,518</u>	<u>\$ 67,301</u>	<u>\$ 142,335</u>
Business-type activities:					
Sewer Fund	<u>\$ -</u>	<u>\$ 3,610</u>	<u>\$ -</u>	<u>\$ 108,799</u>	<u>\$ 112,409</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,609</u>	<u>\$ 85,609</u>

All receivables are considered to be fully collectable.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 15,906	\$ -	\$ -	\$ 15,906
Capital assets being depreciated:				
Land and improvements	17,000	-	-	17,000
Buildings	249,882	-	-	249,882
Equipment	219,693	82,438	-	302,131
Vehicles	507,417	-	-	507,417
Shared road improvements	82,120	312,682	-	394,802
Subtotal	1,076,112	395,120	-	1,471,232
Less accumulated depreciation for:				
Land and improvements	8,500	850	-	9,350
Buildings	93,704	4,978	-	98,682
Equipment	100,679	16,980	-	117,659
Vehicles	221,783	25,371	-	247,154
Shared road improvements	2,053	8,503	-	10,556
Subtotal	426,719	56,682	-	483,401
Total capital assets being depreciated, net	649,393	338,438	-	987,831
Governmental activities capital assets, net	\$ 665,299	\$ 338,438	\$ -	\$ 1,003,737

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets being depreciated:				
Sewer system	\$ 381,946	\$ 195,285	\$ -	\$ 577,231
Equipment	21,048	-	-	21,048
Subtotal	<u>402,994</u>	<u>195,285</u>	<u>-</u>	<u>598,279</u>
Less accumulated depreciation for:				
Sewer system	123,317	11,550	-	134,867
Equipment	<u>1,050</u>	<u>1,050</u>	<u>-</u>	<u>2,100</u>
Subtotal	<u>124,367</u>	<u>12,600</u>	<u>-</u>	<u>136,967</u>
Total capital assets being depreciated, net	<u>278,627</u>	<u>182,685</u>	<u>-</u>	<u>461,312</u>
Business-type activities capital assets, net	<u>\$ 278,627</u>	<u>\$ 182,685</u>	<u>\$ -</u>	<u>\$ 461,312</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 18,772
Public safety	29,407
Public works	<u>8,503</u>
Total governmental activities	<u>\$ 56,682</u>

NOTE 6 - PAYABLES:

At March 31, 2006, the Township's payables are as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Totals</u>
Governmental activities:			
General Fund	<u>\$ 53,366</u>	<u>\$ 8,494</u>	<u>\$ 61,860</u>
Business-type activities:			
Sewer Fund	<u>\$ 3,981</u>	<u>\$ -</u>	<u>\$ 3,981</u>

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM DEBT:

At March 31, 2006, long-term debt consists of the following individual issue:

Business-type activities:

Bonds payable:

\$191,000 2005 General Obligation Limited Tax Bonds - payable in annual installments ranging from \$31,000 to \$40,000, plus interest at 2.5% to 3.2%; final payment due April 2010 \$ 160,000

Long-term debt activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Business-type activities:					
2005 Sewer bonds	\$ -	\$ 191,000	\$ (31,000)	\$ 160,000	\$ 40,000

At March 31, 2006, debt service requirements are as follows:

<u>Year ended March 31:</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 40,000	\$ 4,180
2008	40,000	3,070
2009	40,000	1,890
2010	40,000	640
	<u>\$ 160,000</u>	<u>\$ 9,780</u>

All debt is secured by the full faith and credit of the Township.

NOTE 8 - CLAIMS ARISING FROM RISKS OF LOSS:

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance. Claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Township of Oakfield
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2006, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
		Capital Improvement	\$ 153,950
General	\$ 166,612	Cemetery	<u>12,662</u>
Total	<u>\$ 166,612</u>	Total	<u>\$ 166,612</u>

The transfer from the Cemetery Fund represents unrestricted revenues collected in the Cemetery Fund to pay for cemetery operational costs accounted for in the General Fund.

The transfer from the Capital Improvement Fund represents unrestricted revenues from the Capital Improvement Fund to finance road construction and maintenance costs.

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2006, is as follows:

Revenues	\$ 70,926
Expenses	<u>(73,772)</u>
Deficiency of revenues over expenses	<u>\$ (2,846)</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 159,898	\$ 159,898	\$ 172,642	\$ 12,744
Licenses and permits	99,725	99,725	72,194	(27,531)
Federal grant - FEMA	45,000	45,000	48,053	3,053
State grants:				
State shared revenue	320,000	320,000	346,475	26,475
Other	140,670	140,670	138,373	(2,297)
Charges for services	7,710	7,710	9,249	1,539
Interest and rentals	21,000	21,150	35,213	14,063
Other:				
Special assessment	18,000	18,000	41,061	23,061
Miscellaneous	19,920	19,920	14,361	(5,559)
Total revenues	<u>831,923</u>	<u>832,073</u>	<u>877,621</u>	<u>45,548</u>
EXPENDITURES				
Legislative	<u>10,192</u>	<u>10,192</u>	<u>8,657</u>	<u>1,535</u>
General government:				
Supervisor	18,391	18,391	17,843	548
Elections	18,090	18,090	986	17,104
Assessor	36,196	36,196	31,301	4,895
Clerk	21,049	21,049	20,901	148
Treasurer	23,049	23,091	21,778	1,313
Hall and grounds	28,300	28,300	21,105	7,195
Cemetery	13,750	20,379	19,951	428
Other	94,396	96,066	59,525	36,541
Total general government	<u>253,221</u>	<u>261,562</u>	<u>193,390</u>	<u>68,172</u>
Public safety:				
Fire protection	65,261	66,927	66,954	(27)
Inspections	98,551	98,914	56,617	42,297
Total public safety	<u>163,812</u>	<u>165,841</u>	<u>123,571</u>	<u>42,270</u>
Public works:				
Road construction and maintenance	393,100	397,261	378,400	18,861
Scrap tire cleanup	132,000	132,000	130,397	1,603
Weed control	20,000	20,000	42,323	(22,323)
Total public works	<u>545,100</u>	<u>549,261</u>	<u>551,120</u>	<u>(1,859)</u>

Township of Oakfield
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 10,580	\$ 10,580	\$ 10,828	\$ (248)
Capital outlay	124,300	124,300	88,817	35,483
Total expenditures	1,107,205	1,121,736	976,383	145,353
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(275,282)</u>	<u>(289,663)</u>	<u>(98,762)</u>	<u>190,901</u>
OTHER FINANCING SOURCES				
Transfers in:				
Cemetery Fund	2,500	2,500	12,662	10,162
Capital Improvement Fund	377,430	212,430	153,950	(58,480)
Total other financing sources	379,930	214,930	166,612	(48,318)
NET CHANGE IN FUND BALANCES	104,648	(74,733)	67,850	142,583
FUND BALANCES - BEGINNING	347,978	347,978	347,978	-
FUND BALANCES - ENDING	<u>\$ 452,626</u>	<u>\$ 273,245</u>	<u>\$ 415,828</u>	<u>\$ 142,583</u>

Township of Oakfield
BUDGETARY COMPARISON SCHEDULE - Capital Improvement Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 6,000	\$ 6,000	\$ 14,836	\$ 8,836
OTHER FINANCING USES				
Transfers out - General Fund	<u>(377,430)</u>	<u>(196,430)</u>	<u>(153,950)</u>	<u>42,480</u>
NET CHANGE IN FUND BALANCES	(371,430)	(190,430)	(139,114)	51,316
FUND BALANCES - BEGINNING	<u>579,381</u>	<u>579,381</u>	<u>579,381</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 207,951</u>	<u>\$ 388,951</u>	<u>\$ 440,267</u>	<u>\$ 51,316</u>